



U.S. FISH AND WILDLIFE SERVICE TRANSMITTAL SHEET

PART	SUBJECT	RELEASE NUMBER
360 FW 3	Engineering and Construction Management Value Engineering	387
FOR FURTHER INFORMATION CONTACT Division of Engineering		DATE January 17, 2002

EXPLANATION OF MATERIAL TRANSMITTED:

This chapter incorporates plain language requirements and includes minor revisions to Service office/management titles.


for DIRECTOR

FILING INSTRUCTIONS:

Remove:

360 FW 3, 05/05/92, FWM 024 (1 sheet)

Insert:

360 FW 3, 01/17/02, FWM 387 (1 sheet)

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3.1 What is Value Engineering? Value Engineering (VE) is an organized review of engineering designs for the purpose of achieving the required function at a minimum life-cycle cost of ownership, consistent with requirements for performance, reliability, quality, and maintainability. Normally, we conduct VE reviews near the end of project planning, but they may be accomplished at other times during the design process, as appropriate. In addition to VE design reviews, construction contractors may submit Value Engineering Change Proposals (VECP's) to the Contracting Officer during the construction phase. Care should be taken to distinguish between VECP's that the construction contractor submits and the VE design review modifications.

3.2 What is the Service's policy concerning Value Engineering? The Service will maintain an active VE program in accordance with 369 DM 1, consistent with the level of construction and rehabilitation of our facilities. Review of VE recommendations will be prompt and objective with the intent to implement them whenever appropriate. Meeting VE goals will be a critical element in the performance appraisals of Service managers responsible for the mandatory VE program (see 369 DM 1). All VE reviews will ensure that new residential and commercial buildings are energy efficient, are based on a life-cycle cost analysis, and comply with applicable energy management performance standards.

3.3 What are the authorities for this program area?

A. Office of Management and Budget (OMB) Circular A-131, Value Engineering.

B. Departmental Manual 369 DM 1. Implements OMB Circular A-131 and establishes policy, assigns responsibilities, and defines goals, objectives, and actions required to establish and maintain a productive VE program.

C. Department of the Interior Value Engineering Guidance Handbook.

3.4 Who has responsibilities for this program area?

A. Director. Assigns all resources and staffing necessary to establish and maintain a VE program that fully complies with the requirements of 369 DM 1.

B. Assistant Director - Business Management and Operations. Responsible for ensuring that an organizational and management structure is in place to support a long-term VE program. Directs the Chief, Division of Engineering to prepare an annual plan of action in accordance with 369 DM 1. Ensures that appropriate officials review and implement VE study recommendations (see paragraph 3.5).

C. Chief, Division of Engineering. As the Value Engineering Program Coordinator, the Chief, Division of

Engineering is responsible for conducting the Service's VE program and will:

- (1) Formulate VE policy, procedures, and budgetary guidelines.
- (2) Implement VE reviews for construction and rehabilitation projects not assigned to Regional Offices.
- (3) Coordinate and administer the VE program Servicewide.
- (4) Approve technical and professional aspects of VE.
- (5) Prepare an annual VE plan.

D. Regional Directors. Exercise all authority of the Director with respect to application of the Service's VE program in architectural/engineering planning, design, and management of construction and rehabilitation projects assigned to the Region. Regional Directors issue guidance to the Regional Engineer, through the Assistant Regional Director--Budget and Administration, and ensure that construction, rehabilitation, and maintenance projects satisfy VE requirements to meet Regional needs.

E. Assistant Regional Directors--Budget and Administration. Provide guidance to the Regional Engineer, as delegated by the Regional Director, and in consultation with other Assistant Regional Directors.

F. Other Assistant Regional Directors. Identify facility needs and review project plans, engineering designs, and VE recommendations in consultation with the Assistant Regional Director--Budget and Administration, as appropriate, to address VE requirements.

G. Regional Engineers. As directed by the Assistant Regional Director--Budget and Administration, the Regional Engineer is the technical advisor to the Regional Director for all matters pertaining to the technical feasibility, accuracy of cost estimates and VE procedures in all Regional construction, rehabilitation, and maintenance projects.

3.5 Who approves Value Engineering design modifications? The project leader and either the Chief, Division of Engineering or the Regional Engineer must concur with and the Regional Director must approve proposed engineering design modifications resulting from VE study recommendations before the Contracting Officer can issue them to the design engineer or the design architectural/engineering firm. The above officials will comprise the Value Engineering Review Board for the construction project.

3.6 Are there Value Engineering study goals/requirements? All bureaus with mandatory VE program responsibility, as set forth in 369 DM 1, will set as an

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annual fiscal year cost savings goal an amount equal to 4 percent of the aggregate value of all construction, repair, rehabilitation, and renovation projects that are over \$500,000 in estimated project costs. All projects over \$1,000,000 in estimated costs will be subjected to VE study.

3.7 Can some projects be excluded from Value Engineering studies? You may exclude construction projects between \$500,000 and \$1,000,000 if it is determined that estimated VE savings do not economically justify study and redesign costs. The Value Engineering Review Board will review and concur with justifications for VE analysis exclusion.

3.8 Is Value Engineering required for Federal Aid projects? Federal funds are used to supplement approved State projects on a cost-sharing basis through the Federal Aid Program. Federal Aid projects should be subjected to VE review in accordance with 369 DM 1.

3.9 How are Value Engineering change proposals (VECP's) used in construction contracts?

A. Each construction contract over \$100,000 must contain a mandatory VE clause giving an incentive to the construction contractor to submit VECP's to the Contracting Officer's Representative (Federal Acquisition Regulation - FAR, 48.202).

B. The project leader and the Chief, Division of Engineering or the Regional Engineer must concur with and the Regional Director or designee must approve the proposed modification.

C. The Contracting Officer must accept or reject VECP's within 45 days of receipt.

D. If the proposal has merit and is approved, the Contracting Officer will compute the cost savings and issue approval for the proposed change(s) to the construction contractor in the form of a contract modification.

E. As directed by the Contracting Officer, we may share cost savings with the construction contractor in accordance with FAR 48.104.